



CARIBBEAN™

TOURISM OVERVIEW

First Three Quarters

2010

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MONTHLY ARRIVALS

	TOURIST ARRIVALS (000s)			CRUISE PASSENGERS (000s)		
	2009	2010	% CH 10/09	2009	2010	% CH 09/08
JAN	2,032	2,095	3.1	2,441	2,402	-1.6
FEB	2,105	2,144	1.9	2,176	2,196	0.9
MAR	2,230	2,440	9.4	2,408	2,597	7.8
APR	2,040	2,043	0.2	1,865	1,928	3.4
WINTER	8,407	8,722	3.7	8,890	9,123	2.6
MAY	1,656	1,797	8.5	961	1,220	26.9
JUN	1,783	1,871	4.9	977	1,195	22.3
JUL	2,106	2,245	6.6	1,114	1,111	-0.2
AUG	1,806	1,920	6.3	-	-	-
YTD SUMMER	7,351	7,833	6.6	3,052	3,526	15.5
YTD TOTAL	15,759	16,556	5.1	11,942	12,649	5.9

Notes: Imputed from data received from member countries as of 7th October 2010



COUNTRY PERFORMANCES

- 20 of 28 reporting countries showed increase in stay-over arrivals so far for the year.
- Five destinations reported increases in excess of 10 % (Anguilla, BVI, Cancun, Saint Lucia and St. Eustatius) and another seven surpass the 5% threshold.
- Bermuda, Curacao, and Grenada are noticeable among those showing some contraction especially in the early year



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COUNTRY PERFORMANCES

(Cont'd)

- Growth of 3 % or higher was recorded in all sub-regional grouping except Dutch Caribbean where the performance was flat.
- The OECS countries as group grew by approximately 8% lead by double digit growth in Saint Lucia (16%) and British Virgin Islands (10.3%)
- Other groupings with modest growth during the period were Other CARICOM (3%); French Caribbean; Martinique only (6% and all other Countries (5%);



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MARKET PERFORMANCE

Intra-Caribbean

- ◆ Arrivals declined marginally -0.5% in 2008 and a further -8% in 2009.
- ◆ A decrease of between 4%-5% was realized for the 21 destinations reporting data on this market in the review period.
- ◆ Still relatively high airfares

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COUNTRY PERFORMANCES

Cruise

- .
 - 14 of 20 reporting countries showed increases in cruise passenger arrivals so far for the year.
 - Bermuda, Cozumel, Belize, USVI and the Bahamas all made outstanding rebounds ranging from 38% - 14%
 - Dominican Republic, Curacao, St. Vincent and the Grenadines, Antigua and Barbuda and Jamaica are noticeable among those showing double-digit contraction



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MARKET PERFORMANCE

MARKETS	ARRIVALS (‘000)	%Change 2010/09	% Change Winter	% Change Summer
USA	8,595.8	+7.6%	+6.9%	+8.3%
Canada	1,958.4	+2.5%	+0.2%	+9.5%
Europe	3,316.6	-4.2%	-4.5%	-3.8%
Other	2,685.2	+11.9	+10.8%	+12.8%
Total Tourists	16,556.0	+5.1%	+3.7%	+6.6%
Cruise Passenger *	12648.9	5.9%	+2.6%	15.5%

*Notes: All data is for the period Jan-Aug. * Jan-Jul only*

Imputed from data received from member countries as of October 7th, 2010

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MARKET PERFORMANCE

United States

- Grew by 7.6% in the first eight months of 2010. Positive growth in every month with double digit increases in March (13.3%) and May (10.5%)
- Major air carriers have increased their seating capacity and flight frequencies
- AA, Delta, West Jet, Jet Blue and Continental increased capacity
- **Tour operators: Bookings down across the board**



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ECONOMIC PERFORMANCE

United States - 2010

- Unemployment stood at 10.0% at the end of 2009 but dropped slightly to reach 9.6% August 2010
- Still high and sub-optimal by developed country standards
- Consequence - cautious discretionary spending by consumers
- The inflation rate averaged - 0.4% for 2009. The rate for January stood at 2.6% but has since dropped steadily to 1.1 % at the end of August.
- General domestic prices remaining relatively low and competitive
- US consumers will certainly base their travel decisions on these standards



ECONOMIC PERFORMANCE

United States – 2010 (cont'd)

- US dollar regained strength against the Euro – 17% in 1st half 2010 due to weak European economic performance.
- Last three months US\$ has fallen back 11.5% and expected to continue unless domestic value of US\$ is preserved by the feds
- Tendency to sell high yielding treasury bills to raise funds to service 13 trillion dollar public debt
- Real GDP rose by 3.7% in the first quarter and 1.7 % in the second quarter. Projected growth is 2.6% in 2010 and 2.3% in 2011. Sluggishness expected to persist.

MARKET PERFORMANCE

Canada

- Grew by an average 9.1% per annum between 2005 and 2009
- Increased by 2.5% during the Jan-Aug review period
- Strong performance in several destinations Antigua & Barbuda (86.4% - Jan to Apr), Barbados (20.9), Jamaica (8.4%). Noticeable declines in the traditional destinations of Cuba (-1.3%) and Dominican Republic (-0.4%)
- Increased airlift into the region



ECONOMIC PERFORMANCE

Canada – 2010

- Unemployment stood at 9% in August 2009 and has moved to 8.7% for same period 2010.
- Inflation on average was 0.3% in 2009 a decline from 2.3.% average in 2008. July to August 2010 the rate was recorded at 1.7%.
- Canadian dollar on average gained strength against most major currencies; rose against the euro for first six months but has started to creep downwards; remained relatively stable vis-à-vis the US dollar
- Real GDP growth expected to be small but positive in the second quarter (0.5% when compared in the first quarter).

MARKET PERFORMANCE

Europe

- Arrivals declined by an average -2.3% per annum during the 2005 to 2009 period
- Down by -4.2 during Jan-Aug 2010;
- Only during the month of March did arrivals from this market increase (2.8%)
- UK pound now down 5% against US\$ rate of early 2010
- general outlook still uncertain as European economies struggle to come back



ECONOMIC PERFORMANCE

UK - 2010

- The unemployment rate for the three months to July 2010 was 7.8 %, down 0.1% on the quarter
- Inflation was 3.1% in August, unchanged from July, which is higher than the provisional figure for European Union (2.1%)
- GDP growth expected to be small but positive in the coming quarters



Findings of CTO Surveys

- ◆ Conducted in Barbados during a 2 week period between May - June 2009 and a follow-up in March - April 2010.
- ◆ 1, 703 and 1431 visitors respectively were randomly selected and interviewed.
- ◆ Range of fares paid by respondents was between £385 and £450.
- ◆ Sample represented 9.5% of total arrivals in Barbados for that time.
- ◆ Margin of error of estimated at +/- 2.



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Findings of CTO Survey (2)

◆ **Class of Travel:**

- 75% travel Economy Class,
- 20% travel Premium Economy or Business,
- 5% travel First Class.

- ## ◆ **Class of Travel & Average Spend:** Economy Class travelers equal largest group & also most total expenditure. For survey period, their spend is 15% < First Class, = to Premium Economy and 10% < than Business Class travelers.



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Findings of CTO Survey (3)

- ◆ **Class of Travel by Travel Arrangements:**
 - Economy and Business Class travelers came on pre-paid package tours, representing 78% of travellers
 - First Class travelers made their own arrangements.
 - Over 90% stay in hotels and other established accommodation.
 - Only 33% of UK arrivals were on a first time visit.



July 1, 2009

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Findings of CTO Survey (4)

- ◆ **Annual household income of UK arrivals:**
 - 42% have less than £60,000;
 - 22% have between £60,000 and £100,000;
 - more than 50% of Economy Class travelers had incomes of less than £100,000 pounds



July 1, 2009

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July 1, 2009

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Overall Response to Airfare Increases

- ◆ Respondents asked if and how they would change travel plans if airfares incrementally increased.
- ◆ Airfares were placed into bands:
 - Lower fare band of £ 350 to £800 = Economy Class fares;
 - Medium fare band of £ 1600 to £2600 = Premium Economy & Business Class fares
 - Highest fare band of £ 2900 to £ 4400 = First Class fares





July 1, 2009

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Overall Response to Airfare Increases

- ◆ As the fare incrementally goes over £500, there are sharper fall-offs in visitors.
- ◆ The % of UK visitors not interested in travel at all, quickly moves from 5% to 20%, when the fare increased from £500 to £800.
- ◆ This represents a decline of 14.8% for this range.



HOTEL PERFORMANCE

January – August 2010*

	Jan-Aug 2010	% change 2010/'09
Occupancy	65.5%	+1.3%
Room Rate	\$166.07	+4.6%
RevPAR	\$108.81	+6.0%
RevTot	-	+6.3%

***Source:** *Smith Travel Research*

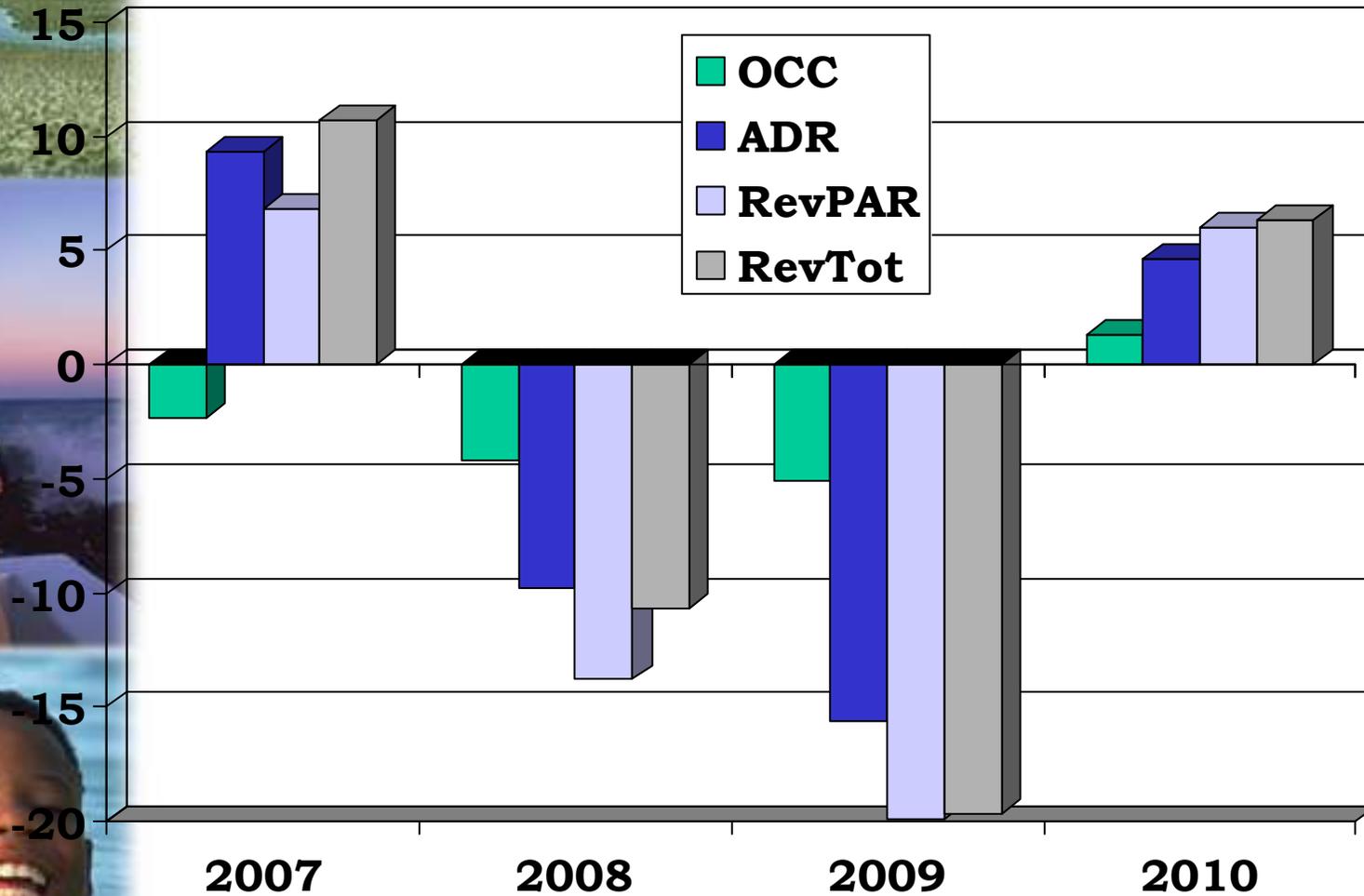
14 countries: Aruba, Bahamas, Barbados, Bermuda, Cayman Is, Cozumel (Mexico), Curacao, Dominican Republic, Jamaica, Puerto Rico, Saint Lucia, Trinidad, USVI, Venezuela

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CHANGE IN CARIBBEAN HOTEL OCCUPANCY AND ROOM REVENUE STATUS

2007 - 2009



* Smith Travel Research 2007-09

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* STR 2007 - 08 & 1st Quarter, 2009

Winfield Griffith, 6/10/2009

Short Term Forecast

◆ Major factors include:

- Global economy weak but expected to continue sluggish improvement throughout winter
- US dollar could lose some ground versus the Euro and the Pound
- Higher than usual unemployment in the major markets
- Based on current trends, arrivals are reasonably expected to increase moderately in the coming winter 2010-11 (4-6%) ;
- Aggregate Spending can also be expected to increase modestly

